receivers who do not possess those specialised skills and who therefore cannot create the tool themselves'' (p. 45). While transfer may arise from such inability, in many cases there is a choice between domestic effort and foreign acquisition based on costs and competing uses for resources. Similarly, economic considerations may help in understanding network boundaries, although precise definition in terms of attributes and activities (p. 18) may need to give way to fuzziness that reflects the uncertainties and experimental behaviour of the ''chaotic, disorderly process''.

I have a number of queries. For example, Table 1.1 (Kozmetsky, p. 37) shows that by 1983 51 per cent of US GNP ''was derived from information technologies'' (p. 36). No definition of information technologies is given; the source is dated 1968 and no explanation of the projection is given; and we are left to guess what *derived* means in this context. Elsewhere information is referred to as ''the world's most traded commodity'' (Bozzo and Gibson, p. 230), but much of the information economy development is trade in information-related services rather than in information itself. Because of the limits on information as a tradable commodity, much of the information flow is internalised. And another query: What does *global* imply. Often this buzzword seems to mean only international. It may well prove useful to cling to the old-fashioned distinction between local, regional and international.

To sum up, a useful item in the library.

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International Telecommunications in Hong Kong: The Case for Liberalisation
by Milton Mueller
(Chinese University Press, Hong Kong, 1991), pp. xiii + 137, $HK60.00, ISBN 962-201-509-3.

Milton Mueller's book presents a vigorous advocacy of free market microeconomic reform of which his research benefactor (the Milton Friedman lecture fund) should be justifiably proud. Mueller maintains that an existing 25-year licence giving Cable & Wireless a monopoly on international telecommunications until 2006, should be rescinded on the grounds that it is and will increasingly be, a serious impediment to Hong Kong's economic growth. With the transfer of Hong Kong to the People's Republic of China in 1997, he presents strong argument for immediate action.

Traditionally, telecommunications has been regarded and still is in many quarters as a natural monopoly. Modern technology however, is making competitive communications more feasible, particularly for customer premises equipment, long distance services and value-added services. Deregulation of telecommunications is an infrastructure model that is gaining support in a growing number of countries, following the example of USA, UK, Japan and more recently New Zealand and Australia.

Paradoxically, the initial move to competition in its country of origin, USA, was inspired not by poor service or free-market ideology but by an initial quirk in the legal system which opened up a chink in the AT&T monopoly armour (the Carterfone decision of 1968) that a growing army of communication lawyers have been successfully prising wider ever since. In the other countries competition has been fuelled by mounting public and political frustration with the telecommunications monopoly. Ground swell support has been mainly based on the insularity of government telephone authorities, their innate conservatism and a technocentric style which focuses more on technical networks than customer choice and satisfaction. The governments see competition as a way of increasing efficiency, bringing new technology and services faster to the market place and putting customer needs at the top of the agenda. Modern and efficient telecommunications is recognised as essential for future economic development of nations and for their international competitiveness.

That having been said, the essential question is whether the competition formula is desirable or necessary in every country. Common carrier competition still only exists in a half dozen countries which include only UK amongst the EEC. In the view of many, the jury is still out on the ability of competition, in itself, to create improved economic and service efficiency. The case of the US airlines is quoted in one recent study to illustrate deficiencies of competition which "exaggerates the supremacy of market forces over politics".[1]

Nevertheless, the case for carrier competition gains considerable strength in countries where the monopoly clearly fails the pragmatic tests of customer service, reasonable pricing and financial performance. Here, even the threat of competition produces tangible improvement. Do these conditions apply in Hong Kong? By any measure, Hong Kong is a most exceptional place, both in the general economic sense and with particular respect to its telecommunications. In business trading it is unquestionably a shining example of unfettered market competition yet it does not enjoy democratic government. Its unique telecommunications characteristics include a level of telephone penetration at least on a par with the more advanced OECD countries, and a flat rate tariff (rental) in which there is no charge for telephone calls, other than international.

By all measures, its telecommunication is a highly efficient operation in both local and international service. Connection times for new services of within a few working days are among the speediest in the world whilst faults, congestion and staffing levels are comparable with the world's lowest. International rates, as Mueller admits, are not dissimilar to the comparable rates charged by the reciprocal countries — an argument which he dismisses by saying that all except USA are also monopolies!

In fact, Hong Kong's rates are lower than the corresponding incoming rate of all countries, including the USA competitors, with only few exceptions including Australia, also to date a monopoly carrier, whose international rates are amongst the world's lowest. As Mueller admits, Hong Kong's international rates have been falling at over five per cent per annum in real terms for the past ten years, which matches the decline in international satellite (INTELSAT) charges. Yet he maintains that international rates should have decreased two to three times faster due to reductions in the prices of switching and optical fibre technology, a debatable contention for international services so far.

The success of Hong Kong as the preferred choice amongst Asian centres for hubbing of corporate global networks and the fact that data, both switched and leased-circuit, is the fastest growing segment of Hong Kong's international traffic, both attest to the competitiveness of Hong Kong's international business communications. The existence of extensive international private networks is not the result of high public network charges as Mueller implies, but the fact that private networks, by avoiding all public network switching, are always cost effective for high volume, in-house traffic.

All this is not to say that a competitive regime might not do even better. But clearly, for an organisation that certainly appears to be doing things well, there would need to be most compelling reasons to precipitate a major change that would require rescinding of the current 25-year franchise agreement made in 1981. More importantly, such a change would impose a dramatically different infrastructure than applied when the agreed 1997 framework for Hong Kong's takeover was negotiated between the UK and the PRC. Hence, the support of the Chinese Government would be a necessary prerequisite, but not necessarily a sufficient condition for such a change.

The argument that Hong Kong's international trade development is being threatened by the C&W monopoly seems inconsistent with the evidence of Hong Kong's remarkable sustained economic growth over the past decade. Certainly, C&W's local interconnection transfer payments to its local company (Hong Kong Telephone) do contribute to local service revenues. This is true of most countries. The allocation of local network costs between the various services it supports has been the subject of much economic analysis in recent years. As one study puts it, "There is no debate in the economic profession regarding what constitutes the appropriate test of a subsidy: a subsidy exists if a service is paying more than its stand-alone cost of service. A service is being subsidised if its incremental cost exceeds the associated revenue".[2] On this definition, there is no clear evidence that international service is subsidising local service in Hong Kong. Moreover there are no grounds for contending that with international competition, local network interconnection charges would or should be reduced; the present transfer payment between international and local service was determined by government well before C&W acquired the local operator, HK Telephone, and similar charges would presumably apply to new international competitors.

There is also no doubt that the international service earns high profits, but not significantly higher than long-distance (STD) services in developed countries, which do not exist in Hong Kong's urban network. More important is Mueller's argument that high international accounting rates (what the international carriers at each end pay each other for the carriage of calls) is keeping international charges excessively high. What is not clear is that competition would necessarily remedy the distortion. As he states, high accounting rates are a deliberate policy of governments of less developed countries. In the past they have reflected the Hong Kong government's view that low cost, ubiquitous local telephone service has been an important instrument of social and economic policy, justifying the departure from efficient pricing. Whether this should still apply is a valid question, which however must be judged in the light of Hong Kong's 1997 reversion to the People's Republic of China. China has developed a special relationship with C&W through a 20 per cent stake in its international arm HKTI, and has made it clear that it will strongly oppose any attempt to undermine the monopoly on international communications. HKT itself can also rightly claim that it has made substantial forward investment on the basis of the 1981 agreement.

To summarise, Mueller's economic analysis is comprehensive, penetrating and on the economic evidence submitted, largely convincing. But as is characteristic of international comparisons there is an understandable selectivity of favourable statistical and financial evidence. It is a bit like current car advertisements, "More leg room than a Porche, better fuel economy than a Mercedes''. More importantly, whilst the book recognises other forces, its ultimate restructuring criteria are economic, which underrates the reality of Hong Kong's unique social and political imperatives.

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Leisure and Life-Style: A Comparative Analysis of Free Time *edited by Anna Olszewska and K. Roberts*
(Sage Publications, London, 1989), pp. 200, £27.50, ISBN 0-8039-8215-1.

This collection of essays forms the 38th volume in the Sage Studies in International Sociology series, sponsored by the International Sociological Association. It was originally intended to appear as a collection of chapters by a team of international authors under the title *Leisure and the Crisis;* its original focus being the anticipated profound effect of the global economic recession of the early 1980s on patterns of leisure and life-style. At the time this global crisis was expected to shatter the expectations of an earlier generation of sociologists of leisure who had experienced almost 30 years of economic progress and technological advance and so assumed an ever-expanding quantity of free time. The book, as originally conceived, assumed that much of the economic and social strain generated by the crisis would be absorbed by deleterious changes in the field of leisure. However, having had one sociological vision undermined by the events of history, the editors of this volume were placed in a doubly embarrassing position, for the assumptions which underlay their planned book were themselves further undermined by events when the global economic crisis did not take on the severe, destructive or chronic qualities predicted; the sociological consequences also were frequently contrary to expectation. The present title of the book is, in this sense, perhaps the best they could come up with for a somewhat ramshackle collection of essays constantly being overtaken by history. The editors themselves admit that some of the contributors ''ignored the guidelines completely and none was wholly faithful'' (p. 5).

The volume contains 11 chapters. Apart from the introduction and the concluding piece, which conerns international tourism in general, the other nine are country specific. The choice of countries, was, we are told, not arbitrary. Poland, Hungary, Great Britain, Brazil, Puerto Rico, Japan, France, USA cover, between them, rich and poor, east and west, capitalist and socialist. Availability of authors, however, was a factor, so the list is not perfect; the omission of Germany, for instance, is a pity. Those chapters which do stick with the original brief of the collection point up a variety of reactions in the leisure field to the economic decline, the rising unemployment, and so on, of the early 1980s. In some countries there was a clear shift to passive and home-based recreation;